

**CHELAN/DOUGLAS PUBLIC TRANSPORTATION BENEFIT AREA**  
**DBA LINK**  
**Chelan County, Washington**  
**January 1, 1990 Through December 31, 1992**

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**Schedule Of Findings**

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1. Link Should Ensure That Meal Expenses Are Legally Authorized

During December of 1992, Link paid \$2,373 for meals served at an awards banquet held for Link board members, employees, and their spouses.

A municipal corporation may incur meal expenses for meetings in certain circumstances, provided those expenses logically relate to a public purpose and are reasonable in amount and nature. However, there is no statutory authority for a municipal corporation to provide meals to family members of board members or employees. Furthermore, providing of such meals is contrary to the provisions of Article VIII, Section 7 of the Washington State Constitution which states in part:

... No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm . . . .

By providing meals to the spouses of board members and employees, Link has spent public funds with no statutory authority to do so.

We recommend that meals not be provided at public expense to the spouses of board members and employees.

2. Link Should Ensure That Its Performance Incentive Program Is Legally Authorized

During 1992, Link incurred additional payroll expenses of approximately \$22,300 related to awards under its "Performance Incentive" program. This program provided for year end cash awards to employees.

The performance incentive program did not stipulate any specific achievement criteria or performance levels which were required to be attained in order for employees to receive the cash awards. Furthermore, the amounts of the cash awards were not fixed until year end.

Article II, Section 25 of the Washington State Constitution states in part:

... The legislature shall never grant any extra compensation to any public officer, agent, employee, servant, or contractor, after the services shall have been rendered . . . .

Link officials have maintained that the incentive program and cash payments in question were a part of the employee compensation package, and as such were appropriate.

By providing the cash payments in question to its employees, Link has spent public funds in violation of the constitutional provision cited above.

We recommend that Link establish specific criteria which must be met in order for employees to receive cash awards under the performance incentive program. We further recommend that specific cash award amounts be determined in advance and tied to the established performance criteria.